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THE CHRONICLE OF PHILANTHROPY

ISSN 1040-676x • Copyright © 1992 by The Chronicle of Philanthropy

The Newspaper of the Non-Profit World

Vol. V, No. 1 • October 20, 1992 • $3

ECONOMY'S LEGACY: A BIG DROP IN GIVING

The average household donation fell by one-fifth over 2 years; but more and more young people and blacks are contributing

By KRISTIN A. GOSS

WASHINGTON

THE NATION'S SLUGGISH ECONOMY caused the typical American household to reduce its contribution to charity by nearly one-fifth from 1989 to 1991, according to results of a national survey released last week.

Even so, an overwhelming majority of people believe that the work done by non-profits is more important now than it used to be, according to the poll, which was commissioned by Independent Sector, a coalition of charities and grant makers.

In what it bills as the first in-depth look at national giving and volunteering during a recession, the organization has confirmed what many non-profits already knew: that fund raising has become a herculean task. But the news is not all bad: Giving by blacks and young people appears to be on the rise, and the most-generous contributors have not flagged much in their commitment to charities.

The third in a series of biennial surveys, "Giving and Volunteering in the United States, 1992" found that from 1989 through 1991:

► The average contribution by the American households surveyed, including those that gave nothing to charity, dropped by 19.5 per cent after inflation. Among those households, the average contribution last year was $649, compared with $734 in 1989.

Counting only those households that gave to charity, the average gift in 1991 was $899, down from $978 two years earlier—a 16-per-cent inflation-adjusted drop.

Both decreases were far more than the 7-per-cent dip, after inflation, in average household income from 1989 to 1991. If families had given the $734 average contribution last year that they gave in 1989, charities would be about $8-billion richer.

► Fewer households contributed to charity last year, even though the total number grew by 700,000 from 1989 to 1991. Last year, 69 million households made a contribution, down from 71 million two years earlier.

Of those who gave nothing to charity, the most common reason was that they couldn't afford to do so, which was cited by more than 6 in 10 non-givers.

► Twenty per cent of American households reported giving less to charity in 1991 than in the previous year; 14 per cent said they had given more.

► People who donate their time regularly to charities gave 440 million fewer hours last year than they had given in 1989.

The survey, conducted by the Gallup Organization, was based on information from a representative

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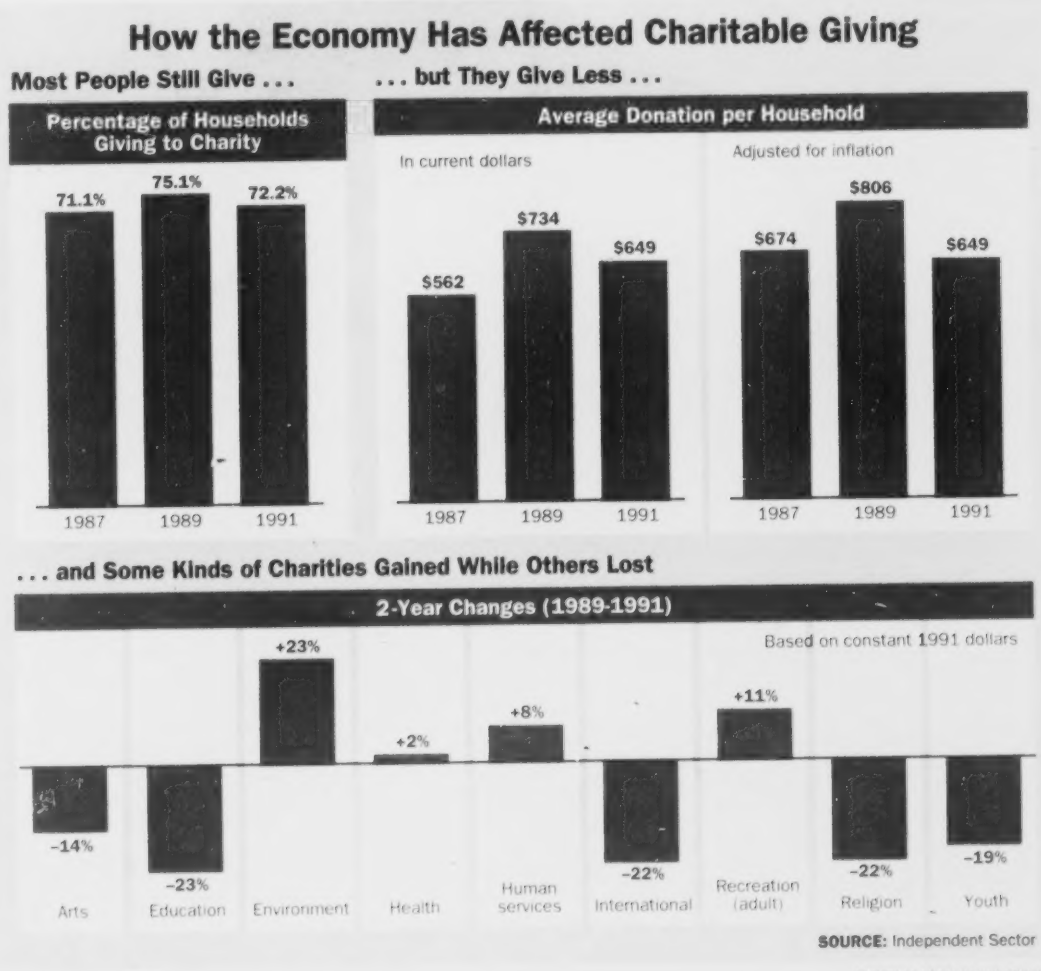

CHRONICLE CHART BY JEFF GRAGNANI

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A complete guide to this issue appears on Page 3.

SAM KITTNER, FOR THE CHRONICLE

Healing Apartheid's Scars
Joy and Herbert Kaiser (*above*) have raised millions to help train more non-white physicians and other health-care workers in South Africa. Story on Page 6.

Post-Election Surge
Non-profits of differing political persuasions see a surge in fund raising if the Democrats win next month's Presidential election. Story on Page 25.

Public Attitudes Toward Giving and Volunteering

Overall, is the amount of money you and the members of your family or household gave to charity in the past year about the same as you usually give, or was it a larger or smaller amount?

	1989	1991
About the same	62.9%	56.3%
Larger amount	18.6	14.0
Smaller amount	12.4	20.0
Not sure	6.1	9.7

Was there any particular reason you gave more money to charity in the past year?

I made more money last year	38.2%
I received more requests for contributions	32.9
I wanted to/had more desire to	7.8
Need has increased	7.5
I just began working last year	4.1
My awareness/involvement increased	3.2
Other	9.8
Don't know/no answer	1.0

Was there any particular reason you gave less money to charity in the past year?

I made less money last year	54.2%
I became sick/had high medical bills	16.9
I was laid off or lost my job	12.2
Another member of my family lost his/her job	9.2
I was caring for sick relatives/family members	8.8
I received fewer requests	8.8
I moved to a new location	6.9
I was worried about losing my job	4.9
I had more bills/inflation	4.1
Lack of trust in organizations	2.1
Retired	1.2
Other	8.6
Don't know/no answer	1.3

Are there any organizations that you and the members of your family or household stopped giving to this year?

Yes	16.7%
No	81.2

Which types of organizations did you stop giving to?

Arts, culture, and humanities	5.6%
Education	5.9
Environment	12.1
Health	18.1
Human services	38.2
International, foreign	6.7
Private and community foundations	3.4
Public and societal benefit	10.9
Recreation—adults	3.6
Religion	14.7
Youth development	2.8
Other	4.2

Which of the following reasons describe why you stopped giving to an organization?

Lack of money	25.4%
Lack of trust in organization	24.0
Misuse of funds	16.7
Disagree with/don't hold the same beliefs	7.3
Poor fund-raising tactics/pestering me	6.4
Gave to another organization	4.7
Other	17.0
Don't know/no answer	4.1

In the past year, have you and the members of your family or household given contributions to any organizations to which you had not given before?

Yes	14.7%
No	82.7

Which types of organizations did you give to for the first time?

Arts, culture, and humanities	6.4%
Education	9.1
Environment	15.9
Health	22.7
Human services	20.5
International, foreign	5.4
Private and community foundations	1.8
Public and societal benefit	10.6
Recreation—adults	2.6
Religion	13.9
Youth development	6.8
Other	2.4

All in all, are you and the members of your family or household giving as much money to religious charities as you think you should be giving?

Yes	49.1%
No	37.2
Don't know/no answer	13.7

All in all, are you and the members of your family or household giving as much money to other than religious charities as you think you should be giving?

Yes	48.8%
No	36.0
Don't know/no answer	15.2

Compared with other people like yourself, do you think you and the members of your family or household are currently giving more, less, or about the same amount to charity?

More	11.6%
Less	22.9
About the same	48.3
Not sure/no answer	17.2

Compared with three years ago, would you say you spend more, fewer, or about the same number of hours on volunteer work today as you did three years ago?

Same	29.0%
More	32.4
Fewer	21.1
Don't know/no answer	17.5

In which, if any, of these areas have you done some volunteer work in the past twelve months?

Arts, culture, and humanities	6.2%
Education	15.4
Environment	8.6
Health	12.9
Human services	12.1
Informal	23.4
International, foreign	2.3
Political organizations	4.7
Private and community foundations	2.3
Public and societal benefit	6.4
Recreation—adults	6.7
Religious organizations	26.8
Work-related organizations	7.1
Youth development	14.7
Other	2.7

In which areas, if any, have you done any fund raising or collected money in the past twelve months?

Arts, culture, and humanities	1.4%
Education	4.9
Environment	1.8
Health	5.8
Human services	4.5
International, foreign	0.5
Political organizations	0.9
Private and community foundations	0.4
Public and societal benefit	1.8
Recreation—adults	1.1
Religious organizations	7.5
Work-related organizations	1.5
Youth development	5.5
Other	0.4

Which of these reasons best describes why you haven't been a volunteer?

Personal schedule too full	45.8%
No interest	23.9
No one asked	16.0
Time too valuable/I've done enough	11.1
Health reasons	10.6
Age	8.3
Unable to honor commitment	6.4
Other	20.9
Don't know/no answer	8.2

Have you left a bequest to a charitable or religious organization?*

Yes	12.0%
No	85.8

Have you ever considered a planned gift?

Yes	8.1%
No	88.5

* Percentages are of the 36.1 per cent of respondents who had made a will

Views on Charitable Organizations

	Strongly agree	Agree	Disagree	Strongly disagree	Not sure
Charitable organizations are more effective now in providing services than five years ago	10.5%	45.4%	26.8%	4.2%	13.2%
The need for charitable organizations is greater now than five years ago	37.3	50.3	7.4	1.2	3.9
Most charitable organizations are honest and ethical in their use of donated funds	7.8	58.1	22.3	5.0	6.8
I place a low degree of trust in charitable organizations	6.6	29.4	48.8	10.1	5.2
Most charitable organizations are wasteful in their use of funds	7.5	27.8	47.2	9.3	8.2
On the whole, I believe that my donation is put to an appropriate use when I give to a charitable organization	12.3	61.2	14.4	3.7	8.4
On the whole, charitable organizations do not do a very good job in helping those who need help	6.5	22.2	53.2	10.7	7.4
Generally, charitable organizations play a major role in making our communities better places to live	12.6	60.2	18.2	2.6	6.3
Generally, charitable organizations make very little difference in dealing with major problems	5.5	29.0	47.7	9.8	7.9

Levels of Confidence in Institutions

Rank	A great deal	Quite a lot	Some	Very little	Can't say
1. Private higher education	14.2%	35.1%	33.7%	10.1%	6.8%
1. The military	14.8	34.5	33.6	14.4	2.7
3. Youth development and recreation	13.1	34.5	35.5	11.6	5.3
4. Religious organizations	17.5	29.7	35.5	14.6	2.6
5. Public higher education	11.8	35.0	38.1	11.9	3.2
6. Small businesses	10.4	35.2	42.7	8.3	3.4
7. Private elementary or secondary education	13.0	31.4	36.2	12.8	6.6
8. Public elementary or secondary education	12.1	31.1	39.0	15.6	2.2
9. Health	15.4	25.0	39.7	16.1	3.7
10. Environment	11.3	27.8	40.6	17.0	3.4
11. Human services	8.9	28.3	45.3	13.6	3.9
12. Arts, culture, and humanities	7.7	25.6	42.3	16.5	7.9
13. Federated charitable appeals, such as United Way	7.4	24.0	35.2	28.6	4.7
14. Recreation—adults	6.2	23.2	46.9	15.3	8.4
15. Work-related organizations	5.9	22.0	47.2	18.0	6.9
16. Public/societal benefit (such as civil-rights, social-justice, or community-improvement organizations)	7.4	19.9	46.4	21.9	4.4
17. Private and community foundations	4.6	22.6	47.8	16.5	8.5
17. News media	5.5	21.7	46.0	25.4	1.3
19. Local government	4.6	19.4	46.5	27.3	2.2
20. Organized labor	6.0	17.6	40.0	31.9	4.5
21. International/foreign (such as cultural-exchange or relief organizations)	4.4	17.0	41.8	27.1	9.6
22. Organizations that lobby for a cause	4.3	15.9	41.6	31.8	6.5
23. State government	3.7	15.3	45.3	33.6	2.0
24. Major corporations	4.3	14.2	46.9	29.9	4.7
25. Federal government	4.1	14.0	42.8	37.2	1.9
26. Political organizations (such as Republican or Democratic Parties)	3.7	10.0	36.5	46.5	3.3
27. Congress	3.1	9.9	36.1	48.1	2.7

Note: Institutions are ranked according to the total of those who agreed "a great deal" and "quite a lot."

How Church Membership Affects Giving

	1987		1989		1991	
	Members	Non-members	Members	Non-members	Members	Non-members
Contributed in past year	79%	55%	80%	63%	78%	58%
Contributed to religion only	22	7	14	6	13	6
Contributed to other charities only	9	36	13	43	14	37
Contributed to both religion and other charities	48	12	53	15	52	15
Did not contribute in past year	16	39	20	37	22	42
No answer	6	6	—	—	—	—

SOURCE: Independent Sector

The Economy's Legacy: a Big Drop in Giving

Continued from Page 1

sample of 2,671 adults who were interviewed in their homes in April and May of this year. The survey has an error rate of plus or minus 3 percentage points.

The sample did not include families with an income over $200,000 because they constitute fewer than 1 per cent of American households. But those are the people who tend to make major gifts to charities, so the average household-contribution figure might have been significantly higher if wealthy people had been included, said Virginia Hodgkinson, Independent Sector's vice-president for research.

The survey's finding that the average household contribution had dropped by 19.5 per cent in the last two years was at odds with an estimate in *Giving USA*, the annual report on philanthropy, which was released in June (*The Chronicle*, June 30). That report, which bases individual giving largely on a mathematical model, estimated that the total contributions by individuals had increased by 0.5 per cent, in inflation-adjusted terms, between 1989 and 1991. Ms. Hodgkinson, who is also an adviser to *Giving USA*, said that that report was based on predictions about giving, rather than on real data, and that mathematical models tended to be less reliable in times of economic upheaval.

Many Keep Giving

While the Independent Sector survey provided data to support anecdotal evidence that charities are being hit hard by the nation's economic woes, officials said it also showed that the vast majority of donors were not abandoning their philanthropic commitments.

Even the significant number of Americans who had grave concerns about losing a job or not being able to maintain their standard of living still managed to find money for charity, the survey found, although they gave a smaller percentage of their income than did those without such worries.

► Twenty-eight per cent of the respondents said they had become financially worse off over the past year, but 66 per cent of those people contributed to charity anyway.

► The percentage of households—8.7 per cent—that gave away at least 5 per cent of their income was about the same last year as in 1987 and 1989. Ms. Hodgkinson said that meant that, even in a recession, "generous givers still give generously."

► Over all, 72 per cent of the households surveyed contributed to charity last year. That was down from 75 per cent in 1989, but a figure that Independent Sector found encouraging. Brian O'Connell, the group's president, said the survey proved that there was "a large core of Americans that view support of charitable activities as an essential responsibility in all economic times."

Indeed, the survey findings showed that large numbers of people—nearly nine in ten of those polled—said charities were needed more now than five years ago. Only seven in ten people thought so four years ago.

What's more, a similarly striking majority—nearly three out of four—believed that charities played a major role in making communities better places to live.

Although the survey found a mostly positive attitude toward charities, a significant portion of the American population had doubts.

Among the findings:

► Thirty-one per cent of those surveyed believed that charities were not more effective today than they were five years ago.

► Thirty-four per cent said charities "make very little difference in dealing with major problems."

► Thirty-six per cent had a "low degree of trust" in charities, compared to 28 per cent in the 1990 survey. More than one in three people interviewed this year thought charities were wasteful, and more than one in four thought that groups were not "honest and ethical" in their use of money. The portion of the population with such concerns rose significantly from the 1990 levels. Those are attitudes that tend to determine people's willingness to give, Ms. Hodgkinson said.

She noted that people's confidence in charities could have been shaken by the controversy over spending and management practices at United Way of America, which was drawing headlines at the time the survey interviews were being conducted. The survey found that only 31 per cent of people who were polled had "quite a lot" or "a great deal" of confidence in federated campaigns such as United Way, compared to 52 per cent in the 1990 survey.

Volunteering Dips Slightly

The recession seems to have had less of an impact on people's willingness to give time to charitable endeavors than it had on their willingness to give money. Still, the survey detected some bad news for organizations that rely heavily on volunteers. It found that 51 per cent of Americans gave their time to volunteer activities, a 3-percentage-point drop from 1989. That drop is not statistically significant.

That figure includes both "formal" volunteering—giving a specified number of hours per week to organized charities—and "informal" volunteering—such as baking cookies for a school fair or helping a charity on an *ad hoc* basis. The vast majority of informal volunteering consists of aid to organized charities, Ms. Hodgkinson said.

If just formal volunteering is considered, Americans last year gave 15.24 billion hours to charities, down from 15.68 billion in 1989.

The percentage of the population that volunteered regularly for charities may also have dropped. Such volunteers were 48.5 per cent of the population last year, down from 51.2 per cent in 1989, according to Ms. Hodgkinson. That drop is within the statistical margin of error.

Meanwhile, the average number of hours that a volunteer gave both formally and informally per week increased slightly last year, to 4.2, compared to 4 in 1989.

Some people were significantly more likely to volunteer last year than in the past. They included blacks, people 18 to 24 years old, and single persons.

People who were less likely to volunteer included people 25 to 34 years old; those with household incomes of $30,000 to $39,999; those who were widowed, divorced, or separated; and those who were employed part time.

But even among people who gave generous amounts of time to charitable endeavors, the survey found skepticism about whether large-scale volunteering would have much impact. Just one in four active volunteers strongly agreed that "if we all volunteer time and effort, problems like poverty and hopelessness can be overcome."

By contrast, 84 per cent of those surveyed—both volunteers and non-volunteers—said that "to bring relief to needy people requires, first and foremost, changes in social and economic policies."

Shifting Priorities

As donors seek ways to improve social conditions, some appear to be shifting some of their charitable giving to causes they think have been neglected.

Groups devoted to the environment, human services, public or social benefit (such as civil rights and community development), and health appeared to gain a larger share of donors' total contributions last year over 1987. Meanwhile, the arts, educational institutions, religious groups, and international organizations lost ground.

Among households that contributed to charity, the average gift to various types of groups varied widely. The average gift to reli-

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Giving to Charity

	1987	1989	1991
All households			
Percentage who gave to charity	71.1%	75.1%	72.2%
Contributions in current dollars	$562	$734	$649
Contributions in constant dollars	$674	$806	$649
Percentage of household income	1.5%	2.0%	1.7%
Households that give to charity			
Contributions in current dollars	$790	$978	$899
Contributions in constant dollars	$947	$1,074	$899
Percentage of household income	1.9%	2.5%	2.2%

SOURCE: Independent Sector

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Average Household Donation to Charity Fell by One-Fifth Over 2 Years

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gious organizations was $800, down from $896 in 1989. The average gift to health organizations was $154, up from $143; to educational institutions, $225, down from $291; and to international organizations, $198, down from $202. Environmental groups received the smallest average gift ($99) but posted a 12-per-cent gain over 1989.

Financial worries appeared to have a big impact on people's willingness to support charities. More than half of all people who gave away less last year said their contributions had decreased because their incomes had decreased from 1990 levels. Twelve per cent of those who gave less said they had done so because they had lost their jobs.

For all households, including those that gave nothing, charitable contributions averaged cent of annual income. For households that gave something to charity, contributions averaged 2.2 per cent of yearly income. Both numbers represented a drop of three-tenths of a percentage point from 1989.

Giving by Hispanics Drops

Among the contributors who gave a markedly smaller share of their annual income to charity last year: people between the ages of 55 and 74, those with household incomes of $30,000 to $39,999, and those with incomes of $75,000 to $99,999.

At the same time, the percentage of Hispanics who contributed to charity dropped to 53 per cent, from 62 per cent in 1989. For all Hispanic households, the average charitable donation increased to $314 from $297 in 1989.

Contrary to the national trend, some groups of people showed gains in the rate of giving:

► Black families, while still less likely than others to contribute to charity, are catching up to national averages. Last year 64 per cent made a donation, up from 61 per cent two years earlier.

► The proportion of young people—those 18 to 24 years old—who gave to charity increased to 58 per

Who Gave to Charity and How Much They Gave

	Percentage who gave to charity		Average contribution donated to charity by contributing households		Percentage of income donated to charity by contributing households	
	1989	1991	1989	1991	1989	1991
All	75.1%	72.2%	$978	$899	2.5%	2.2%
Sex						
Male	71.9	70.0	1,294	1,057	3.1	2.4
Female	78.1	74.2	683	763	1.8	2.0
Race						
White and other	76.7	73.2	1,010	925	2.5	2.2
Black	60.9	63.5	653	656	2.1	2.7
Hispanic*	62.2	53.1	478	591	1.5	2.1
Age						
18-24	53.9	58.4	484	233	1.2	0.8
25-34	70.0	67.4	893	629	2.1	1.5
35-44	86.3	77.1	956	1,135	2.2	2.4
45-54	78.6	77.2	1,098	1,243	2.3	2.4
55-64	79.9	79.0	1,420	1,228	3.6	2.9
65-74	78.8	76.3	1,070	891	4.4	3.2
75 and over	76.7	70.3	696	710	3.2	3.2
Income						
Under $10,000	49.0	45.6	379	239	5.5	3.6
$10,000-$19,999	65.1	64.0	485	507	3.2	3.4
$20,000-$29,999	76.9	73.1	728	617	2.9	2.5
$30,000-$39,999	81.9	77.2	894	640	2.6	1.8
$40,000-$49,999	84.5	82.7	831	1,038	1.8	2.3
$50,000-$74,999	85.5	85.1	1,096	1,230	1.8	2.0
$75,000-$99,999	92.1	87.9	2,793	1,666	3.2	1.9
$100,000 and above	86.8	91.1	2,893	2,450	2.9	2.5
Religion						
Catholic	77.0	75.8	670	758	1.6	1.7
Protestant	77.2	73.8	1,090	1,014	2.9	2.7
Other	78.9	74.0	1,589	1,078	3.9	2.7
None	51.7	56.6	453	401	1.0	0.9
Marital status						
Married	79.7	78.9	1,132	1,046	2.6	2.3
Single	60.8	59.4	654	545	1.7	1.7
Divorced, separated, or widowed	72.8	61.4	592	574	2.6	1.9
Employment status						
Employed	77.3	75.5	1,097	987	2.4	2.0
Full-time	76.4	75.0	1,163	993	2.5	2.0
Part-time	81.6	78.0	806	960	2.0	2.4
Not employed	70.3	61.8	734	631	2.5	2.0
Retired	78.0	73.2	663	957	3.1	3.6
Education						
High-school graduate or less	67.1	60.9	865	618	2.8	2.1
Technical, trade school, or some college	81.4	82.5	936	90[illegible]	2.2	2.1
College graduate	88.8	89.6	1,264	1,401	2.4	2.4

* Hispanics may be of any race

Giving to Different Kinds of Charities

	Percentage who give			Average contribution for all households				
	1987	1989	1991	1987	1989	1991	2-year change	4-year change
Arts, culture, and humanities	8.0%	9.6%	9.4%	$21	$19	$18	−14%	−27%
Education	15.1	19.1	21.1	44	56	47	−23	−11
Environment	10.8	13.4	16.3	9	12	16	+23	+45
Health	23.9	32.4	32.9	31	46	51	+ 2	+38
Human services	23.9	23.0	27.5	50	60	71	+ 8	+18
International/foreign	4.2	4.2	3.5	12	8	7	−22	−50
Private and community foundations	4.8	6.4	6.0	7	7	7	−13	−12
Public and societal benefit	6.5	11.2	11.2	10	13	15	+ 7	+25
Recreation—adults	—	6.2	6.3	—	8	10	+11	—
Religious organizations	52.5	53.2	51.3	375	477	410	−22	−9
Youth development	18.5	21.6	22.1	16	28	25	−19	+32
Other	1.3	3.0	2.8	10	6	7	0	−42

Differences Between Generous Donors and People Who Don't Give to Charity

	Percentage of generous donors*	Percentage of non-donors
Average age	51	42
Attend church at least once or twice a month	84.3%	34.2%
Personally saw someone they admired helping others when they were young	65.9	26.8
Itemize on their federal income-tax return	57.3	22.7
Indicated that meeting religious beliefs or commitments was a major personal motivation for giving and volunteering	69.4	25.3
Some college education (or more)	55.5	21.2
Doing something for a cause that is important was a very important reason for volunteering	61.1	32.8
Strongly agreed that, on the whole, charitable organizations do not do a very good job in helping those who need help	22.2	39.2
A very important reason for volunteering was that they thought volunteer experience would look good on their resume	14.2	26.8
Chose making financial contributions to charities, religious, or community organizations or other charitable institutions as a major personal goal	62.0	30.5
Were helped in the past by others	57.9	34.3
Belonged to a youth group or something similar when they were young	60.8	28.2
A strongly held view is that they felt a moral duty to help people who suffer	30.3	15.2
A major wage-earner in their household losing a job was an economic concern	20.2	25.3

* Those who give more than 3 per cent of their household income

Differences Between Generous Volunteers and People Who Don't Volunteer

	Percentage of generous volunteers*	Percentage of non-volunteers
Average household income	$46,098	$32,546
Some college education (or more)	60.7%	26.2%
A very important reason for volunteering was that they feel it is important to help others	75.5	39.8
Attend church at least once or twice a month	71.6	41.4
Personally saw someone they admired helping others when they were young	63.0	32.6
Belonged to a youth group or something similar when they were young	65.9	35.2
Chose to do something for a cause that is important to them as a very important reason for volunteering	68.0	34.6
Said a strongly held view was that if we all volunteer time and effort, social problems like poverty and hopelessness can be overcome	24.5	10.7
Strongly agreed with the statement that individuals can do little to alleviate suffering in the world	18.5	39.0
Said maintaining their current standard of living was an economic concern	33.6	45.0
Did some kind of volunteer work when they were young	60.9	29.1
Said a very important reason for volunteering was that they could explore their own strengths	63.5	43.8
Chose protecting/improving the environment as a major goal to accomplish from giving and volunteering	53.9	46.3
Said a very important reason for volunteering was that they could make new contacts that might help their business or career	41.7	46.8
Chose changing the way society works as a major goal to accomplish from giving and volunteering	50.5	34.1

* Those who volunteer four or more hours per week

SOURCE: Independent Sector

cent in 1991, a 4-percentage-point rise. But Independent Sector cautioned that data for this age group should be viewed as less reliable than information for other age groups.

Several types of donors gave a greater share of their income to charity last year than in 1989. Those groups included women (who gave 2 per cent, compared to 1.8 per cent in 1989), blacks (2.7 per cent, compared to 2.1 per cent), Hispanics (2.1 per cent, up from 1.5 per cent) and households that made $40,000 to $49,999 yearly (2.3 per cent, up from 1.8 per cent).

Poor families were far less likely to give to charity than wealthy families, the survey found. But when poor families did contribute, they gave a greater share of their income than did their wealthier counterparts. The survey found that contributing households with incomes of less than $10,000 gave 3.6 per cent of their incomes to charity while contributing families that earned at least $100,000 gave 2.5 per cent.

Influences on Donors

As in the past, the report identified several factors that appear to influence whether a person will give—and give generously.

Among them:

Volunteering. People whose households gave money but who did not volunteer reported an average contribution of $477. Those that both gave money and volunteered contributed an average of $1,155.

Income-tax deductions. The report said that while being able to deduct charitable contributions from federal income taxes might not propel a donor to make a gift, it could increase the size of the contribution. Under federal law, people who do not itemize deductions on their income-tax returns cannot claim a charitable deduction. Those who intended to claim a charitable deduction gave a larger share of their income than those who did not itemize.

Religion. Two-thirds of people who were members of religious congregations gave to secular charities, compared to just over half of non-members. Those who attended church services at some point over the previous year gave 2.1 per cent of their household income to charity—presumably some of it to their religious congregations—compared to 0.6 per cent of household income donated by people who did not attend church.

Being asked. People who are asked to contribute are more than twice as likely to do so as those who are not solicited. Similarly, people who were asked to volunteer their time were more than three times as likely to do so as those who were not asked.

The report of the survey said that having "positive experiences" with giving, volunteering, and civic activities when one is young is the most important predictor of a person's philanthropy as an adult.

For example, among those who, as children, had done some volunteer work or raised money door to door for a cause, 86 per cent contributed to charity as adults and nearly 70 per cent volunteered. Among those who had belonged to a youth group, 84 per cent gave as adults and 66 per cent volunteered.

"This shows how important it is to get young people involved in youth organizations, student government, and with good adult role models," Ms. Hodgkinson said.

Other factors tied to generosity included whether the donor had seen someone he or she admired helping others and whether the donor had "been helped by others in the past."

Ways to Increase Giving

Independent Sector said that the study contained hints as to how giving and volunteering "can be measurably increased."

Among the findings most instructive to charities:

Bequests. More than four in ten contributors surveyed said they had prepared a will, but just 13 per cent of those said they had included a bequest to charity. Just 8 per cent of all people surveyed had considered making a planned gift, such as a bequest or a contribution that gives benefits to the donor while he or she is alive.

Inadequate solicitations. The survey found that of people who were asked to give money, 85 per cent did, compared to just 36 per cent of those who were not asked. Of those who were asked to volunteer, 86 per cent did, compared to just 24 per cent who were not asked.

The survey found that young people, single people, and members of minority groups were among the least likely to be asked to give money or time to charity. Yet those are the groups that appeared to buck recessionary pressures and increase their giving or volunteering last year.

Blacks, unmarried people, and people 18 to 24, for example, posted among the sharpest increases in the percentage who volunteered. Young people were the only age group that showed an increase in the percentage of contributors. Blacks who contributed to charity gave a higher share of their household income to charity than white donors did.

Yet between one-third and nearly one-half of people in the three categories said they had not been solicited for charitable donations, according to the survey.

Philanthropic goals. When asked how much money or time they should contribute to charity, nearly half said they did not know, didn't answer, or said "It depends." The survey also found that many people had contributed less money or time than they thought they should. Independent Sector—which has an advertising campaign urging people to give five hours a week and 5 per cent of their income to charity—said the findings suggested that people needed such goals to increase their philanthropic activity.

A copy of the report may be obtained from Independent Sector, 1828 L Street, N.W., Suite 1200, Washington 20036; (202) 223-8100. The cost, prepaid, is $21 for members and $30 for non-members, plus $2.50 for shipping.

1993 RESEARCH PRIZE ANNOUNCEMENT

The 1993 Staley/Robeson/Ryan/St. Lawrence Prize for Research on Fund-Raising and Philanthropy presented by The National Society of Fund Raising Executives (NSFRE)

CALL FOR SUBMISSIONS OR NOMINATIONS

Authors of published research works on fund-raising and philanthropy are invited to submit books, monographs or substantive articles for the 1993 Staley/Robeson/Ryan/St. Lawrence Prize for Research on Fund-Raising and Philanthropy. Other individuals or organizations may submit nominations of appropriate publications. To be considered for the Prize, works must be published by a commercial publishing house or a professional organization between December 1, 1991, and November 31, 1992. Publications must be based on either applied or basic research. The Prize Jury will not consider unpublished theses or dissertations, op-ed pieces, editorials, or opinion articles. Works published by NSFRE are not eligible for consideration.

The Prize winner will receive a $2,000 cash award and be introduced at a session of the NSFRE International Conference on Fund Raising in Atlanta, Georgia, on March 2, 1993.

Criteria for judging submissions are: Substantive contribution to knowledge and understanding of fund-raising and/or philanthropic behavior; relevant insights for donors, grant makers or fund-raisers; creativity and depth of analysis; and quality of style, readability and format.

Submission form and six copies of the published work must be received by NSFRE by December 1, 1992. Copies of the submission form may be obtained from Cathlene Williams, NSFRE, 1101 King Street, Suite 700, Alexandria, VA 22314; phone (703) 684-0414; fax (703) 684-0540.

The Prize is made possible by an endowment from Staley/Robeson/Ryan/St. Lawrence to encourage advanced research that extends the knowledge of fund-raising and philanthropy.

6% of Americans Say They Have Bequests to Charity in Their Wills

By VINCE STEHLE
PITTSBURGH

As many non-profit groups place increased emphasis on obtaining planned gifts, more and more Americans have begun to include charity in their estate plans. And while the field of planned giving has become more sophisticated in recent years, potential abuses remain troublesome, said fund raisers gathered here last week for the annual meeting of the National Committee on Planned Giving.

Several experts expressed concern that charities were overpromising the financial benefits of planned gifts, which provide tax or other financial breaks to contributors. They said they feared this trend could lead to a crackdown by Congress and state and federal regulatory agencies.

Nearly 6 per cent of all Americans have promised a donation to charity as part of their wills, according to preliminary results of a new national study released here. The survey also found that 0.6 per cent of the country's households had made so-called life-income gifts, such as charitable remainder trusts, charitable gift annuities, and pooled-income funds.

Results of a national poll released by Independent Sector last week also shed light on the number of Americans who plan to leave money to charity when they die. More than four in ten contributors surveyed said they had prepared a will, but just 13 per cent of those said they had included a bequest to charity. Just one in ten had considered making a planned gift, according to the poll, conducted on behalf of the national organization that represents charities and foundations. (See story on Page 1.)

According to the planned-giving committee's survey, most bequests have been established recently. Two-thirds of all existing bequests have been established within the last five years, according to the study, based on responses from 60,000 households.

Some fund-raising experts believe that the growing number of bequests is due, in part, to the increasingly aggressive efforts of charities to seek planned gifts and an expansion of the number of groups seeking such donations.

"Non-profit groups have become much more active in planned giving, and many of them begin with bequests," said Scott R. Lumpkin, associate vice-chancellor at the University of Denver, and one of the people involved in conducting the survey.

And contrary to a common misconception that most bequests have been established primarily by elderly donors, the preliminary results showed that charitable bequests have been pledged by people of all ages. According to the study, of all charitable bequests, 22 per cent were established by people over 70 years old, 20 per cent were created by people between 60 and 69, 30 per cent from people between 45 to 59, and 28 per cent were set up by those under 45.

"Not all planned-giving donors are elderly," said Mr. Lumpkin, who is chairman of the planned-giving group's research committee. "Non-profit groups have to be very careful in designing planned-giving marketing strategies not to overlook younger givers."

Presenting Too Rosy a View

While many efforts to seek planned gifts are perfectly legitimate, some fund raisers said they were concerned that overly aggressive charities and financial advisers were giving potential donors an excessively rosy view of the financial benefits of giving to charity.

Why Donors Make Planned Gifts

Motivation	Life-income gifts[1]	Non-cash gifts[2]	Bequests
Desire to support charity	94.0%	92.1%	95.1%
Ultimate use of gift	79.2	67.0	74.0
Estate and financial-planning issues	54.2	29.9	21.2
Opportunities to enhance income	44.4	19.3	—
Lasting memorial for oneself or a loved one	44.4	36.5	28.4
Avoidance of tax of capital gains	43.8	46.4	10.6
Relationship with representative of charity	38.6	32.0	18.5
Encouragement of family or friends	31.0	24.0	12.3
Encouragement of legal or financial advisers	25.0	18.4	6.2

Ages of Donors

Age	Life-income gifts	Non-cash gifts	Bequests
Less than 45	31%	22%	28%
45-59	22	30	30
60-69	21	25	20
70 or older	26	23	22

[1] Includes donations that provide income to the donor, such as charitable-remainder trusts, charitable-gift annuities, and pooled-income funds.
[2] Includes gifts of property, art, etc.

SOURCE: National Committee on Planned Giving

Many tax experts warned that such abuses, if detected by the Internal Revenue Service or Congressional tax-writing committees, could lead to changes in federal tax laws and regulations that might make giving to charity less attractive. And in some cases, charities that promote planned gifts solely on the basis of financial benefits could run the risk of being treated as securities dealers, warned Robert F. Sharpe, Jr., a fund-raising consultant based in Memphis.

Although the Securities and Exchange Commission has long had regulations that explain how planned-giving programs must be run, changing economic conditions have made it more likely that charities could find themselves in conflict with securities regulators, Mr. Sharpe said. As interest rates have fallen, some planned-giving arrangements created several years ago have begun to pay lower rates of return, causing some donors to be upset. Mr. Sharpe said some of them have threatened legal action against charities.

If a donor can show that a charity's planned-gift marketing materials stressed only the financial benefits of the arrangement, and not the charitable aspects, and if the materials presented an unrealistically optimistic image of the gift's financial performance, the SEC could impose penalties upon the charity, he said.

The key to avoiding securities violations, said Mr. Sharpe, is to highlight the charitable component of any gift arrangement, and to provide the donor with all of the financial details of such contributions. "It's not so much what the trust says, it's what you say about the trust," said Mr. Sharpe.

Call for 'Self-Control'

Many tax experts said that, in pursuing donors, charities must balance the financial incentives allowed by the federal tax code and the philanthropic aspects of planned giving. "We ought to be careful not to reject people who do react to the tax-incentive effect of the charitable deduction," said Jerry McCoy, a Washington tax lawyer. "We just need a little self-control in this area."

Charities should not oversell the tax benefits of charity, he said. "The most obvious threat, and the one we hear the most about, is over-promotion of the tax benefits from charities."

Some planned-giving experts say that, in any event, donors are more concerned with the philanthropic cause than the tax considerations of charitable giving, a view that seems to be supported by the planned-giving group's survey. About 95 per cent of the people who have made some type of planned gift said they had done so because they felt it was important to support a charity.

"Non-profit groups have to be very careful in designing planned-giving marketing strategies not to overlook younger givers."

Conversely, only 44 per cent of the people who had established trusts or other income-producing arrangements said they had done so to avoid paying capital-gains taxes, and just 11 per cent of those who created bequests did so to avoid capital-gains taxes.

A full report of the study is expected by the end of the year. For more information, contact the National Committee on Planned Giving, Indiana University Center on Philanthropy, 550 West North Street, Suite 304, Indianapolis 46202-3162; (317) 269-6274.

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Not an Easy Year to Raise Money for United Way

Continued from Page 25

Fitzgerald, the acting human-resources supervisor, who quickly clears her computer screen as Ms. Lowery approaches.

Throughout Ms. Lowery's 10-minute presentation, Ms. Fitzgerald does not appear interested. She asks no questions. When asked for the name of Ishida's chief executive officer, she gives a vague reply. As Ms. Lowery prepares to leave, Ms. Fitzgerald says she will pass on the materials to her supervisors.

"That is a strikeout," says Ms. Lowery, as she gets into her car. "This girl was not even friendly. It will be a miracle if we get in there."

She notes that it's probably not worthwhile to spend much energy persuading Ms. Fitzgerald to listen to her. "You can talk to people like that all day long but you need a decision maker," Ms. Lowery says. "Gofers don't make decisions."

Payroll Deductions Encouraged

At companies that do agree to hold a drive, Ms. Lowery encourages them to hold a rally for workers so that United Way can show a video explaining how donations will be used and pledge cards can be distributed. She also tries to get companies to deduct donations for United Way from employees' paychecks. When employees can spread their donations throughout the year, they tend to give more than they do when they only have the option of making a one-time gift, United Way officials say.

Before she visits each company, Ms. Lowery reviews a file that includes the company's giving history, the breadth of campaigns it has held in the past, and the amount by which its employees can realistically expect to increase giving. For businesses that haven't participated in the campaign previously, she looks carefully at news articles for details about the company's chief executive officer, the type of product or service the company sells, and any expansion plans.

Job Can Be Frustrating

The day of a campaign coordinator can often be long and frustrating. One recent Wednesday, Ms. Lowery appeared at a 7 a.m. campaign kickoff to encourage contributions from workers at Hadley Auto Transport in Haslet, a Fort Worth suburb.

The company, which trucks cars to automobile dealers, has 42 employees. The kickoff got off to a bad start when one of the company's truckers demanded to know the salary of Elaine L. Chao, who will take over as president of United Way of America next month, and "went downhill from there," says Harry J. Sholl, the company's terminal supervisor.

The workers at Hadley weren't happy to hear Ms. Chao's annual salary: $195,000. When the 20 drivers who attended the rally turned in their pledge cards, not one gave any money to United Way. One

TAX WATCH

IRS Provides Explicit Advice on Money Raised by Bingo

FOR THE FIRST TIME, the Internal Revenue Service has publicly stated the share of bingo revenues that a non-profit should generally spend on good works to qualify as a charitable organization.

In a ruling on a charitable-bingo operation last year (Technical Advice Memorandum 9132005), the IRS said a non-profit that derives all of its income from a commercial enterprise is entitled to a tax exemption when it carries on, through contributions and grants to other groups, a charitable program commensurate in scope with its financial resources. The service did not define the spending level that would be required.

But the IRS sheds some light on the matter in a recent letter sent by its national office granting an exemption to a charity in Texas. "What constitutes a commensurate amount depends on all the facts and circumstances," the service said. "With bingo fund-raisers, an amount in excess of 15 percent of gross receipts is usually considered to be commensurate" (Temple City High School Bingo, Doc. 92-6136).

Use of this "commensurate test" has been an issue in a legal battle between the United Cancer Council, an Indianapolis non-profit, and the IRS that is now pending in U.S. Tax Court. The revenue service revoked the cancer council's exemption in 1990 in part because the IRS said the charity had flunked the commensurate test.

Cal. Court Won't Review Y's Property Exemption

THE CALIFORNIA Supreme Court has decided not to review lower-court rulings that upheld the property-tax exemption of a YMCA recreation center in downtown Oakland. As is customary, the court did not offer a reason for its decision not to take the case.

A group of private health-club owners, Clubs of California for Fair Competition, had contended that the Y had been given an unfair advantage over private clubs in the area.

C. Keith Miller, president and chief executive officer of the YMCA of the East Bay, said the California Supreme Court's action was a victory for all Y's in the state that might face similar challenges. "The court is sending out a message: Don't bother us with this issue any more," he said.

Last summer the California Court of Appeals upheld the Y's exemption, saying that county and state authorities had "properly determined that the New Oakland YMCA serves valid charitable purposes, benefiting the community as a whole, which qualify it for the charitable property tax exemption."

IRS Reports Increase in Number of Charities

THE NUMBER of organizations classified as charities under Section 501(c)(3) of the Internal Revenue Code rose by 5.4 per cent from 1990 to 1991, according to a new report from the IRS.

In 1991, 516,554 charities were registered, the revenue service said, compared to 489,891 in 1990. (See chart below.)

The government publication, "Internal Revenue Service Annual Report 1991," may be obtained for $3.75 from the Government Printing Office, Superintendent of Documents, Washington 20402.

High Court Declines Case on Revoking Tax Exemption

THE SUPREME COURT has declined to review lower-court rulings that upheld the IRS's revocation of the tax-exempt status of a religious group.

The revenue service in 1968 granted tax-exempt status to United Missionary Aviation, which was founded in Texas. In its application, the group said that it was formed to spread the Gospel and that it would provide airplane transportation for Christian missionaries.

In 1980, the IRS pulled the exemption of United Missionary Aviation, retroactively to 1974, after deciding the charity's purpose had become largely commercial—running a mail-order sales business. The group lost appeals in the U.S. Tax Court and the U.S. Court of Appeals for the Eighth Circuit before asking the Supreme Court to review the case.

In documents submitted to the Court, the IRS said United Missionary Aviation had sold its only airplane in 1969. By 1974, the revenue service said, the charity was operating a division that sold audiotapes of religious speeches, as well as blank tapes and other electronic equipment like cassette players and radios.

The IRS said the non-profit advertised its inventory in a lengthy catalogue, less than 20 per cent of which was devoted to religious materials.

United Missionary Aviation argued that it had never abandoned its primary purpose of Christian evangelism. "Pre-recorded cassette tapes proved to be ideal substitutes for missionaries and local preachers in certain applications," the organization said in documents filed with the Supreme Court. United Missionary Aviation charged that the lower courts had ignored its true charitable purpose and had mistakenly held that its "profitable *activities* have somehow become its *purpose*."

As is customary when the Supreme Court refuses to review a case, it did not give a reason for its decision (*United Missionary Aviation* v. *Commissioner of Internal Revenue*, 91-1743). —GRANT WILLIAMS

Tax-Exempt Organizations Registered With the IRS

	Applications				Organizations registered	
	Approved	Denied	Other[1]	Total	1990	1991
Section 501(c):						
(1) Corporations organized under act of Congress	0	0	0	0	9	9
(2) Titleholding corporations	174	1	78	253	6,278	6,408
(3) Religious, charitable, etc	31,233	542	8,859	40,634	489,891[2]	516,554[2]
(4) Social welfare	2,063	48	677	2,788	142,473	142,811
(5) Labor, agriculture organizations	492	5	80	577	71,653	72,009
(6) Business leagues	2,375	55	467	2,897	65,896	68,442
(7) Social and recreation clubs	1,140	36	535	1,711	62,723	63,922
(8) Fraternal beneficiary societies	13	2	19	34	100,321	98,840
(9) Voluntary employees' beneficiary associations	731	9	204	944	14,210	14,708
(10) Domestic fraternal beneficiary societies	37	2	36	75	18,350	18,360
(11) Teachers' retirement funds	0	0	0	0	10	10
(12) Benevolent life-insurance associations	132	2	71	205	5,873	5,984
(13) Cemetery companies	234	0	38	272	8,565	8,781
(14) State-chartered credit unions	4	0	0	4	6,352	6,219
(15) Mutual-insurance companies	5	2	6	13	1,137	1,147
(16) Corporations to finance crop operations	0	0	0	0	19	20
(17) Supplemental unemployment benefit trusts	9	0	5	14	667	644
(18) Employee-funded pension trusts	0	0	0	0	8	8
(19) War-veterans' organizations	122	0	34	156	27,460	27,962
(20) Legal-service organizations	3	0	15	18	197	206
(21) Black-lung trusts	1	0	1	2	22	23
(22) Multi-employer pension plans	0	0	0	0	0	0
(23) Veterans' associations founded prior to 1880	0	0	0	0	2	2
(24) Trusts described in section 4049 of ERISA	0	0	2	2	0	0
(25) Holding companies for pensions, etc.	0	0	15	15	107	181
501(d) Religious and apostolic organizations	**3**	**0**	**0**	**3**	**94**	**93**
501(e) Cooperative hospital service organizations	**0**	**0**	**0**	**0**	**76**	**72**
501(f) Cooperative service organizations of operating educational organizations	**0**	**0**	**0**	**0**	**1**	**1**
521 Farmers' cooperatives	**19**	**1**	**0**	**20**	**2,372**	**2,129**
Non-exempt charitable trusts[3]	**11**	**0**	**16**	**27**	**45,401**	**48,900**
National Office rulings and determinations letters				**3,502**		
Taxable farmers' cooperatives					3,276	3,219
Total	**38,801**	**705**	**11,158**	**54,166**	**1,073,443**	**1,107,664**

[1] Application withdrawn by taxpayer or failure to furnish required information.
[2] All section 501(c)(3) organizations are not included because certain organizations, such as churches, integrated auxiliaries, subordinate units, and convention or associations of churches need not apply for recognition of exemption unless they desire a ruling. Also, includes IRC 501 organizations.
[3] These organizations are not exempt organizations, but are taxable entities for which the I.R.S.'s Exempt Organizations division has program responsibility.

SOURCE: Internal Revenue Service